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**PATENT**

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

In re Application of: **Charles Eric Hunter, et al.** Confirmation No.: **8435**

Serial No.: **09/707,273**

Filing Date: **November 6, 2000**

Appeal No.: **2008-4518**

Examiner: **Cuong H. Nguyen**

Group Art Unit: **3661**

For: **MUSIC DISTRIBUTION SYSTEMS**

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Sir:

**REQUEST FOR REHEARING UNDER 37 C.F.R. § 41.52**

This request for rehearing is being filed in support of Appellant's appeal from the rejections of claims 40-72 dated September 26, 2005. The Board issued a Decision on Appeal dated February 19, 2009. Pursuant to Appellant's Request for Rehearing dated April 17, 2009, the Board issued Decision on Request for Rehearing dated August 26, 2009. This request is filed pursuant to the Decision on Request for Rehearing dated August 26, 2009.

## 1. ARGUMENT

The Board of Patent Appeals and Interferences (“Board”) first ruled on an appeal in this application on February 19, 2009 (“Decision I”). Patent Owner, Ochoa Optics, LLC (“Appellant”), filed a request for rehearing on April 17, 2009 (“Request I”). In response to Appellant’s Request I, the Board issued a decision on August 25, 2009 (“Decision II”). Appellant presently requests rehearing of the Board’s Decision II for the reasons set for below.

Appellant’s present request for reconsideration first addresses the Board’s identification of an inconsistency regarding the rejections challenged in Appellant’s Request I. Next, Appellant sets forth the errors believed to be made by the Board in Decision II. More specifically, it is believed that the Board erred (1) by finding that claims 40, 52, 64, 69 were rejected under 35 U.S.C. § 102(b) as being anticipated by Schulhof, U.S. Patent No. 5,572,442 (“Schulhof”), and (2) by affirming the Examiner’s rejections of the pending claims despite its finding that the rejections in the Decision constitute a new ground of rejection. Finally, Appellants address the status of claims 43 and 55 following Decision II.

### I. Rejections challenged in Request I

In Decision II, the Board indicated that Request I challenged the rejections of claims 40 and 43 without challenging the rejections of claims 64-72 under 35 U.S.C. §§ 102(b) and 103(a). Slip op. at 2-3. Further, the Board indicates that Request I fails to challenge the rejection of claims 49, 51, 61, and 63, which depend from claim 40, under 35 U.S.C. § 103(a). *Id.* The Board proceeded to apply the reasoning in Appellant’s challenge of claims 40 and 43 to the corresponding claims in the other claim sets. *Id.*, at 8.

In Request I, Appellant stated that it believed that the Board had erred in its determinations (1) that Schulhof anticipates claims 40-42, 48, 50, 52-54, 60, 62, and 64-71, (2) that Schulhof renders claims 49, 51, 61, 63, and 72 obvious, and (3) that Schulhof in view of McMillen, U.S. Patent No. 5,483,535 (“McMillen”), renders claims 43-47 and 55-59 obvious. Request I, at 4. Appellant proceeded to discuss the reasons why claims 40 and 43 were not anticipated by Schulhof. *Id.*, at 4-13. However, Appellant failed to explicitly state that the other pending claims were patentably defined over the cited art for similar reasons.

In order to clear up the inconsistency, Appellant notes that claims 52, 64, and 69 contain recitations which are similar to the recitations of claim 40. For at least the reasons that claim 40 is patentably defined over Schulhof, Appellant submits that claims 52, 64, and

59 are patentably defined over Schulhof. Further, Appellant notes that claims 41-51, 53-63, 65-68, and 70-72 depend from independent claims 40, 52, 64, and 69. Inasmuch as claims 41-51, 53-63, 65-68, and 70-72 depend from claims which are patentably defined over the cited art, Appellant submits that claims 41-51, 53-63, 65-68, and 70-72 are patentably defined over the cited art.

## **II. Rejection of claims 40-72 under 35 U.S.C. §§ 102(b) and 103(a)**

Appellant persists in its assertion that claim 40 is not anticipated by Schulhof, and respectfully submits that the Board errs in its reasoning that Schulhof anticipates claim 40.

For a reference to anticipate a claim, the reference must disclose *each and every* element of the claim expressly or inherently. However, inherency may not be established by probability or possibility; “[t]he mere fact that a certain thing may result from a given set of circumstances is not sufficient to establish inherency.” *Trintec Industries Inc. v. Top-U.S.A. Corp.*, 63 U.S.P.Q.2d 1597, 1599 (Fed. Cir. 2002).

The relevant portion of claim 40 recites, “automatically charging a consumer for a music selection made by the consumer, said charging triggered upon the consumer recording the music selection on a storage medium located at a consumer site.” Claim 40 recites that the consumer’s recording of the music selection triggers the charging. In Decision I, the Board interpreted “trigger” as meaning “to initiate (an action).” Decision I, FF 1. Using this interpretation, claim 40 recites that the charging is initiated by the consumer recording the music selection on the storage medium. Appellant respectfully submits that Schulhof fails to anticipate claim 40 for at least the following reasons: (1) as claim 40 recites that the consumer’s recording of the music selection initiates the charging, it cannot be anticipated by a reference which teaches a consumer recording a music item after the consumer is charged for the music item; and (2) the Board errs in its reasoning that Schulhof inherently teach recording the desired audio program immediately after automatically charging a credit card.

First, as claim 40 recites that the consumer’s recording of the music selection initiates the charging, Appellant respectfully submits that claim 40 cannot be anticipated by a reference which teaches a consumer recording a music item after the consumer is charged for the music item. The Board found, in Decision II, that Schulhof describes “an operation whereby a subscriber selects a desired audio program material for recording onto a portable device.” Decision II, slip op. at 4 (emphasis omitted). Then, the Board states that “Schulhof discloses ‘immediately’ transferring the desired audio program to the portable device *after* it

is selected and ordered.” *Id.*, at 4-5 (emphasis added). As described in Schulhof, the subscriber authorizes billing to his account as part of the ordering process. Schulhof, col. 7 line 61 – col. 8 line 19. Therefore, using this portion of Schulhof in connection with the Board’s reasoning, Schulhof discloses “immediately” transferring the desired audio program to the portable device *after* the subscriber authorizes billing to his account. In contrast to the teachings of Schulhof, claim 40 requires the consumer’s recording of the music selection must at least begin before automatically charging the customer for the music selection.

Second, Appellant respectfully submits that the Board errs in its reasoning that Schulhof inherently teach recording the desired audio program immediately after automatically charging a credit card. In its finding that Schulhof inherently anticipates the recitations of claim 40, the Board relies on the premise that Schulhof necessarily teaches (1) “automatically charging a credit card triggering upon ordering an audio program” and (2) “instant recording of the selected desired audio program upon ordering.” (Decision II, page 5.) Applicants respectfully disagree with the Board’s second premise; Schulhof does not necessarily teach instant recording of a selected desired audio program upon ordering. In fact, Schulhof explicitly provides that a selected desired audio program may begin immediately or it may be delayed to later time after ordering. Schulhof, col. 5, ll. 9-16. More specifically, Schulhof describes that, once the subscriber selects the desired audio program and authorizes billing, “high speed data transfer may begin immediately, or it may be deferred as desired (for example, to a time when the television cable is not otherwise in use, e.g. 2:00 A.M.).” *Id.* Thus, Schulhof teaches both (1) recording the desired audio program immediately after ordering, and (2) recording the desired audio program at a time long after ordering. Applying the Board’s first premise, Schulhof teaches that either of these situations is possible: (1) recording the desired audio program immediately after automatically charging the credit card, or (2) recording the desired audio program at a time long after automatically charging the credit card. Therefore, even assuming that the Board correctly concludes that Schulhof teaches automatically charging a credit card triggering upon ordering an audio program, Schulhof does not necessarily teach recording the desired audio program immediately after automatically charging the credit card. For at least these reasons, the Board errs in its finding that Schulhof inherently teach recording the desired audio program immediately after automatically charging a credit card.

As Schulhof fails to teach that a consumer’s recording of a music selection triggers automatically charging the consumer for the music item, Schulhof fails to explicitly

anticipate claim 40. Further, as Schulhof provides an alternative to this recitation, namely transferring a desired audio program to a subscriber after the subscriber is charged, Schulhof fails to inherently anticipate claim 40. Therefore, Schulhof fails to anticipate claim 40 either expressly or inherently. Accordingly, Appellant respectfully requests withdrawal of the Board's rejection of claim 40 under 35 U.S.C. § 102(b) as being anticipated by Schulhof.

Claims 52, 64, and 69 contain recitations similar to those recitations of claim 40 discussed above. For at least the reasons discussed above regarding the patentability of claim 40, applicants submit that claims 52, 64, and 69 are patentably defined over Schulhof. Accordingly, applicants respectfully request withdrawal of the rejection of claims 52, 64, and 69 under 35 U.S.C. § 102(b) as being anticipated by Schulhof.

Claims 41-51, 53-63, 65-68, and 70-72 depend, directly or indirectly, from claims 40, 52, 64, and 69. Inasmuch as claims 41-51, 53-63, 65-68, and 70-72 depend from independent claims which are patentably defined over the cited art, applicants submit that claims 41-51, 53-63, 65-68, and 70-72 are patentably defined over the cited art. Accordingly, applicants respectfully request withdrawal of the rejection of claims 41-51, 53-63, 65-68, and 70-72 under 35 U.S.C. §§ 102(b) and 103(a).

### **III. Board's "affirmance" of the Examiner's rejection**

Appellants respectfully submit that the Board erred in affirming the Examiner's rejection when the Board relied on a new ground of rejection which was substantially different from the reasoning used by the Examiner. Should the Board continue to find Appellant's claim unpatentable, Applicants respectfully request that the Board reverse the Examiner's rejection unless the Board relies solely on the Examiner's articulated reasoning.

Before addressing the reasons why Appellant believes the Board erred, Appellant would like to remind the Board that its finding here will have real effects on Appellant's application. If the Board relies on a new ground of rejection to reject Appellant's claims, but still affirms the Examiner's rejection, Appellant would not be entitled to receive patent term adjustment for the time that the application has been on appeal. 37 C.F.R. § 1.704(c)(9). However, should the Board rely on a new ground of rejection and reverse the Examiner's rejection, Appellants would be entitled to receive patent term adjustment for the time that the application has been on appeal. *Id.* Because of the real effects of the Board's reasoning on their rights, Appellants request that the Board give the issue serious consideration as the request is not merely an academic exercise.

Should the Board continue to find Appellant's claim unpatentable for any reason not presented by the Examiner, Appellant requests that the Board reverse the Examiner's rejection. "[T]he ultimate criterion of whether a rejection is considered 'new' in a decision by the board is whether appellants have had fair opportunity to react to the thrust of the rejection." *In re Kumar*, 76 U.S.P.Q.2d 1048, 1052 (Fed. Cir. 2005) (citing *In re Kronig*, 190 U.S.P.Q. 425, 426 (CCPA 1976)). Without such an opportunity, "appellants could be deprived of the administrative due process rights established by 37 C.F.R. 1.196(b)." *Kronig*, 539 F.2d at 1302, 190 U.S.P.Q. at 426.

Following the equitable concerns raised in *Kronig* and *Kumar*, Appellant here has not had a fair opportunity to respond to the rejection made by the Board. As the Board recognized, its analysis in Decision II is "significantly different from the rationale the Examiner used to reject claim 40 under § 102 over Schulhof." Decision II, at 5. The Board designated its rejection as a new ground of rejection. *Id.* Yet, the Board purported to affirm the rejection of the Examiner. *Id.* While the Board's new ground of rejection relies on the same statutory section and art as the Examiner's rejection, the Board appears unable to rely on the rationale in the Examiner's rejection. Because the Board must use a rationale which is "significantly different" from the Examiner's rationale, Appellant submits that the Examiner's rejection is flawed. Therefore, even if the Board persists in making a new ground of rejection, Appellant's request that the Board reverse the Examiner's rejection as using a flawed rationale.

Appellant's request is further bolstered by the same equitable concerns raised in *Kronig* and *Kumar*. There, the Federal Circuit was concerned with appellants losing rights when the Board makes a new ground of rejections. Here, as noted above, Appellant will lose patent term for the time that the present appeal has been pending if the Examiner's rejection is not reversed. It would be unfair to Appellant to be faced with a flawed rejection at the time the appeal was filed, requiring an appeal to correct the Examiner's rejection, and then also suffer loss of patent term for the time that Appellant had to wait for the Board to correct the Examiner's rationale.

Therefore, should the Board continue to find Appellant's independent claims unpatentable, Appellants request that the Board issue a new opinion in which the Board either (1) affirms the examiner by relying solely upon the rationale used by the Examiner in rejecting the independent claims, or (2) reverses the Examiner's rejection and makes its new

ground of rejection, allowing Appellant to recover the patent term it lost while awaiting the Board's correction of the Examiner's rejection.

#### **IV. Status of claims 43**

Appellant seeks rehearing claim 43 for the reasons set forth above. Appellant notes that the Board eliminated the reasoning in Decision I which Appellant challenged in Request I. Decision II, at 6. Appellant further notes that the paragraph spanning pages 6-7 of Decision II is dicta, as the Board explicitly notes that it is making a "comment" on reasoning which it has chosen to eliminate from the case. *Id.*

**2. CONCLUSION**

Appellant seeks rehearing of the Decision on Request for Rehearing dated August 26, 2009. Appellant respectfully requests that the Board vacate its Decision on Request for Rehearing. Further, Appellant respectfully requests that the Board either (1) withdraw its rejection of claims 40-72 under 35 U.S.C. §§ 102(b) and 103(a) for the reasons set forth in section II of this request; or (2) reverse the Examiner's rejection for the reasons set forth in section III of this request, and present a new ground of rejection in light of Appellant's arguments set forth in section II of this request.

Date: October 23, 2009

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